

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1184 - SB 1141**

March 25, 2017

**SUMMARY OF BILL:** Requires employers to give six weeks of paid leave of the four months allowed for adoption, pregnancy, childbirth, or nursing of an infant to employees that have been employed for at least 12 consecutive months as full-time employees. Requires the employer's next published employee handbook to include any enacted General Assembly changes concerning employee paid leave for adoption, pregnancy, childbirth, or nursing an infant after the effective date of such enactment.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$1,660,100**

**Increase Federal Expenditures – \$293,000**

**Increase Local Expenditures – Exceeds \$1,000,000\***

Assumptions:

- Under current law, pursuant to Tenn. Code Ann. § 4-21-408, employers employing at least 100 full-time employees are required to provide up to four months of leave of absence for adoption, pregnancy, childbirth and nursing an infant to employees with at least 12 consecutive months of full-time service. Such leave may be with or without pay at the discretion of the employer.
- The proposed legislation will require all employers, regardless of the number of employees employed, to provide six weeks of leave with pay for such purposes to employees with at least 12 consecutive months of full-time service and authorizes such employers to provide pay for the remaining weeks of the four month period.
- Currently, state employees accrue leave and are authorized to use such leave or take unpaid leave under the Family and Medical Leave Act for pregnancy, adoption, childbirth, and nursing an infant.
- The Department of Human Resources DOHR reports that there were a total of 528 employees that used paternal leave in FY15-16.
- The average salary for such employees is estimated to be \$32,058. These number are assumed to remain constant into perpetuity

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- It is assumed that all eligible state employees will take advantage of the six-week paid leave and will not be provided paid leave for periods between six weeks and four months.
- The recurring increase in expenditures is estimated to be \$1,953,072 {528 employees x [(\$32,058 / 52 weeks) x 6 weeks]}.
- Positions for several state agencies are funded partially with federal funds. Based on information provided by the Department of Human Services it is estimated that approximately 15 percent, or \$292,961, of the total increase in expenditures will be paid with federal funds. The recurring increase in state expenditures is estimated to be \$1,660,111 (\$1,953,072 - \$292,961).
- The recurring increase in local government expenditures is unknown. However, it is reasonably estimated that this legislation would result in a recurring mandatory increase in local government expenditures of at least \$1,000,000.
- There will not be a significant increase in the number of temporary or replacement employees hired by state or local agencies to cover for employees who take leave of absence pursuant to this legislation.
- Any costs for updating employee handbooks at the next publishing date will be not significant.

## **IMPACT TO COMMERCE:**

**Increase Business Expenditures – Exceeds \$5,000,000**

**Jobs Impact – Not Significant**

Assumptions:

- There will be a significant increase in business expenditures for those businesses that do not currently provide paid leave of absence to eligible employees for the first six weeks of leave for adoption, pregnancy, childbirth, or nursing of an infant.
- The exact amount of such increased business expenditures is unknown; however, it is reasonably estimated that private sector businesses, in the aggregate, will incur at least \$5,000,000 in additional expenditures each year.
- The proposed legislation is not anticipated to have a significant impact on the number of jobs in this state.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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